

TEACHERS' RETIREMENT BOARD

REGULAR MEETING

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SUBJECT: Update on State Legislation

ITEM NUMBER: 8a

ATTACHMENT(S): 1

ACTION:     

MEETING DATE: July 12, 2001

INFORMATION: X

PRESENTER: Ed Derman

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**SUMMARY OF STATE LEGISLATION**

Attached is a summary of related legislation. Mr. Derman will provide a verbal update at the meeting.



**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
**2001-2002 Regular Session – June 18, 2001**

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[illegible]

AB 649            AUTHOR:     Assembly Member Negrete McLeod  
                  TITLE:        Cash Balance Benefit Program  
                  AMENDED:   5/2/01  
                  LOCATION:    Senate PE&R  
                  BOARD POSITION: Support \*

**SUMMARY:** Requires community college districts to offer the CalSTRS Cash Balance (CB) Benefit Program to eligible part-time employees by July 1, 2003, and allow those employees to elect coverage under the CB Benefit Program, Social Security or another retirement plan.

**COSTS:** Benefit program – Increase in CB Benefit Program liabilities, offset by increased contributions. Decrease in Defined Benefit (DB) Program liabilities, offset by reduction in contributions from members, employers and General Fund.

Administrative – Potential increase in CB Benefit Program workload from additional employers.

P – FACCC

O – ACCCA, PARS, Mendocino College, Long Beach CCD, North Orange County CCD, Hartnell CCD, Lake Tahoe CCD, Santa Clarita CCD

AJR 3      AUTHOR:      Assembly Member Leonard  
 TITLE:      Repeal reduction in Social Security benefits  
 AMENDED:   5/10/01  
 LOCATION:   Senate Floor  
 BOARD POSITION: No position

**SUMMARY:** Requests that Congress repeal the Government Pension Offset and the Windfall Elimination Provision on Social Security benefits.

**COSTS:** Benefit program – None

Administrative – None

## P – CRTA

0 – None known

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
**2001-2002 Regular Session – June 18, 2001**

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[illegible]

AJR 6      AUTHOR:      Assembly Member Canciamilla  
 TITLE:      Federal retirement security and savings programs  
 LOCATION:   Senate PE&R  
 BOARD POSITION: Support\*

SUMMARY: Requests that Congress enact new legislation that would embody provisions of the Retirement Security and Savings Act of 2000, which was considered by Congress in 2000.

**COSTS:** Benefit program – None

Administrative – None

P – SACRS

0 – None known

SB 165      AUTHOR:      Senator O'Connell  
 TITLE:      CalPERS membership election  
 AMENDED:   4/25/01  
 LOCATION:   Assembly PER&SS  
 BOARD POSITION: Support\*

**SUMMARY:** Permits a vested member of the California Public Employees' Retirement System (CalPERS) not employed in an education-related position who accepts employment to perform creditable service covered by the DB Program, to elect to be excluded from CalSTRS and retain membership in CalPERS.

**COSTS:** Benefit program – None

Administrative – Minor and absorbable

P – ACSA, CTA, SSDA

0 – None known

BILL NO.>>> STATUS
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**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM**  
**LEGISLATIVE SUMMARY – REGULAR BOARD**  
**2001-2002 Regular Session – June 18, 2001**

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[illegible]

SB 461      AUTHOR:      Senator Torlakson  
 TITLE:      Catastrophic Prescription Drug Insurance Program  
 LOCATION:   Senate Appropriations (Held in committee)  
 BOARD POSITION: Support, if amended\*

**SUMMARY:** Creates a Catastrophic Prescription Drug Insurance Program to provide high deductible coverage for prescription drugs to retired members of the DB Program with unspecified minimum levels of credited service.

**COSTS:** Benefit program – Present value cost of \$425 million to \$650 million over 10 years, depending on plan features

Administrative – At least \$1 million in implementation costs

P – ACSA, CFT, CTA

0 – None known

SB 499      AUTHOR:      Senator Soto  
 TITLE:      CalSTRS Program Adjustments  
 AMENDED:   4/5/01  
 LOCATION:   Assembly PER&SS  
 BOARD POSITION: Sponsor\*

**SUMMARY:** Increases loan limits in the Home Loan Program, eliminates the 1/1/02 sunset for eligibility of dependent children for family allowance under Coverage A and authorizes purchase of CB Program participation as DB Program service credit.

**COSTS:** Benefit program – Annual net increase for continuing Coverage A eligibility is \$464,000 in first year and \$531,000 per year thereafter

Administrative – Minor and absorbable costs to increase Home Loan Program loan limit and to authorize conversion of CB Program participation to DB Program service credit.

P – CalSTRS

0 – None known

[illegible]

[illegible]

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BILL NO.	>>>	STATUS
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0 – None known

## LEGEND OF ABBREVIATIONS

P = PROPONENTS    O = OPPONENTS

<b><u>ABBREVIATION</u></b>	<b><u>ORGANIZATION</u></b>
AARP	American Association of Retired Persons, State Legislative Committee
AALA	Associated Administrators of Los Angeles
ACCCA	Association of California Community College Administrators
ACSA	Association of California School Administrators
AFSCME	American Association of State, County and Municipal Employees
AFT	American Federation of Teachers
AGENCY	State and Consumer Services Agency
A.R.E.	Association of Retirees for Equity
ART	Association of Retired Teachers
BOE	Board of Equalization
BOG	Board of Governors, California Community Colleges
Cal-Tax	California Taxpayers Association
CalPERS	California Public Employees' Retirement System
CalPIRG	California Public Interest Research Group
CalSTRS	California State Teachers' Retirement System
CASBO	California Association of School Business Officials
CCA	Community College Association
CCAE	California Council for Adult Education
CCC	California Community Colleges
CCD	Community College District
CCPOA	California Correctional Peace Officers Association
CFA	California Faculty Association
CFT	California Federation of Teachers
CNEC	California Network of Educational Charters
CPCA	California Police Chiefs' Association
CPFFA	California Professional Firefighters Association
CRTA	California Retired Teachers Association
CSAC	California State Association of Counties
CSBA	California School Boards Association
CSEA	California School Employees Association
CSL	California Senior Legislature
CSU	California State University
CTA	California Teachers Association
DOE	Department of Education
DOF	Department of Finance
DGS	Department of General Services
DPA	Department of Personnel Administration
FACCC	Faculty Association of California Community Colleges
F.A.I.R.	Faculty Attempting to Improve Retirement
FCPHE	Faculty Coalition for Public Higher Education
FTB	Franchise Tax Board

## LEGEND OF ABBREVIATIONS

P = PROPONENTS    O = OPPONENTS

<b><u>ABBREVIATION</u></b>	<b><u>ORGANIZATION</u></b>
LADSA	Los Angeles Deputy Sheriffs' Association
LAUSD	Los Angeles Unified School District
OCDE	Orange County Department of Education
PARS	Public Agency Retirement System
PERF	Public Employees Retirement Fund
PORAC	Peace Officers Research Association of California
RPEA	Retired Public Employees Association
SACRS	State Association of County Retirement Systems
SBMA	Supplemental Benefit Maintenance Account
SCSA	State and Consumer Services Agency
SDCOE	San Diego County Office of Education
SEIU	Service Employees International Union
SLC	State Lands Commission
SSC	School Services of California
SSDA	Small School Districts' Association
START	State Teachers' Automation Redesign Team
TRB	Teachers' Retirement Board
TRF	Teachers' Retirement Fund
TRL	Teachers' Retirement Law
UTLA	United Teachers of Los Angeles

### **STANDING COMMITTEES OF THE ASSEMBLY/SENATE**

Assembly PER&SS	Assembly Public Employees, Retirement and Social Security Committee
Senate PE&R	Senate Public Employment and Retirement Committee